

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7242

BILL NUMBER: HB 1524

NOTE PREPARED: Mar 23, 2009

BILL AMENDED: Feb 5, 2009

SUBJECT: State Egg Board.

FIRST AUTHOR: Rep. Goodin

FIRST SPONSOR: Sen. Alting

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill makes various changes to the law relating to the sale of eggs and the State Egg Board (board). It makes changes to definitions used with regard to the sale of eggs. It makes changes to the appointment process for members of the board. It makes related changes and repeals certain provisions containing definitions.

The bill allows the board to establish requirements and procedures to obtain a permit or registration, and it allows the board to adopt rules to set fees. It requires certain egg producers who sell eggs at a farmers market to have a permit and requires an out-of-state permit holder to reimburse the board for certain expenses relating to an audit. The bill also requires a wholesaler to remit a permit fee penalty of the greater of ten percent of the fee or \$20 if the wholesaler does not remit a report fee within ten days. (Current law provides that the wholesaler must remit a fee of 10% of the report fee if the wholesaler does not remit a report fee within ten days.)

Effective Date: July 1, 2009.

Explanation of State Expenditures: (Revised) This bill specifies that the State Egg Board may issue farmers market retail permits for egg producers selling at farmers markets. Currently, anyone selling eggs at a farmers market is registered as a small retailer. The State Egg Board is required to establish requirements and procedures for obtaining farmers market retail permits. The costs associated with these provisions ultimately depend on the administrative decisions made by the State Egg Board. There may be a minimal increase in administrative costs and time to create new license materials, but the creation of the farmers market retail license is not expected to have a significant impact on costs or staffing requirements.

Explanation of State Revenues: (Revised) The bill provides authority to the State Egg Board to establish requirements for issuing permits or registrations, or fees necessary to continue the State Egg Board's services. If rules are not adopted by FY 2011 that change fees or requirements for permits or registrations, then the appropriate fees or requirements under current statute will remain in effect. The impact of this provision is indeterminable because any increase in revenue to the State Egg Board will result from increases in fees which will be adopted through rule-making procedures.

The bill also changes the penalty amount charged for fees that are delinquent after a 10-day grace period to the greater of \$20 or 10% in addition to the amount due, effective FY 2010. Current statute provides that the penalty for fees that are delinquent after a 10-day grace period is 10% of the amount due in addition to the appropriate fees. An average of 28 accounts are delinquent for each of the four quarters. If these accounts are charged \$20, then total annual penalties would be approximately \$2,200 in addition to the appropriate fees that are due.

Background Information- The State Egg Board ensures that all eggs produced and marketed in Indiana meet the guidelines established by the U.S. Department of Agriculture through inspections of shell egg processing plants, distribution warehouses, and retail stores. Anyone who distributes eggs or sells eggs to consumers at various locations (except for farms of production) must register with the State Egg Board annually. Wholesalers are also charged a fee based upon the volumes of eggs distributed in Indiana. The revenue received from retailer and wholesaler fees offsets the costs of inspection and administration. The State Egg Board reported that about 4,500 retailers and 220 wholesalers were licensed during FY 2007. Since FY 1997, there have been approximately 80 new retail registrants a year, while the number of wholesalers has continued to be about 220 a year.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Egg Board.

Local Agencies Affected:

Information Sources: Mark Straw, Indiana State Egg Board, 765-494-2042; Indiana State Egg Board, *Annual Report, 2007-2008*.

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